

minutes

Audit Committee

MEETING HELD ON **TUESDAY 7 MARCH 2017**

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CITY OF JOONDALUP

**MINUTES OF THE AUDIT COMMITTEE MEETING HELD IN CONFERENCE ROOM 2,
JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON
TUESDAY 7 MARCH 2017.**

ATTENDANCE

Committee Members

| | |
|-----------------------------|-------------------------------------|
| Cr Christine Hamilton-Prime | <i>Presiding Member</i> |
| Cr Tom McLean, JP | |
| Cr Russell Poliwka | <i>Deputy Presiding Member</i> |
| Cr John Logan | |
| Cr Sophie Dwyer | |
| Cr Philippa Taylor | <i>Deputising for Cr Nige Jones</i> |

Officers

| | |
|-----------------------|-------------------------------------|
| Mr Garry Hunt | Chief Executive Officer |
| Mr Mike Tidy | Director Corporate Services |
| Mr Brad Sillence | Manager Governance |
| Ms Christine Robinson | Manager Executive and Risk Services |
| Mr Roney Oommen | Manager Financial Services |
| Mr Peter McGuckin | Internal Auditor |
| Mr John Byrne | Governance Coordinator |
| Mrs Deborah Gouges | Governance Officer |

DECLARATION OF OPENING

The Presiding Member declared the meeting open at 5.45pm.

DECLARATIONS OF INTEREST

Disclosures of interest affecting impartiality

Elected Members (in accordance with Regulation 11 of the *Local Government [Rules of Conduct] Regulations 2007*) and employees (in accordance with the Code of Conduct) are required to declare any interest that may affect their impartiality in considering a matter. This declaration does not restrict any right to participate in or be present during the decision-making process. The Elected Member/employee is also encouraged to disclose the nature of the interest.

| | |
|---------------------------|--|
| Name/Position | Mr Garry Hunt, Chief Executive Officer. |
| Item No./Subject | Item 5 - Confidential - Chief Executive Officer's Credit Card Expenditure (October - December 2016). |
| Nature of interest | Interest that may affect impartiality. |
| Extent of Interest | The Chief Executive Officer is the card holder. |

APOLOGIES/LEAVE OF ABSENCE**Apologies:**

Mayor Troy Pickard.
Cr Nige Jones.

Leave of Absence Previously Approved:

| | |
|----------------------|--------------------------------------|
| Cr Mike Norman | 2 March to 11 March 2017 inclusive; |
| Cr Russ Fishwick, JP | 2 March to 16 March 2017 inclusive; |
| Cr Liam Gobbert | 7 March to 14 March 2017 inclusive; |
| Cr Nige Jones | 27 March to 31 March 2017 inclusive; |
| Cr Nige Jones | 2 April to 7 April 2017 inclusive; |
| Cr Liam Gobbert | 11 April to 18 April 2017 inclusive; |
| Cr John Logan | 22 April to 28 May 2017 inclusive; |
| Cr Sophie Dwyer | 12 April to 19 April 2017 inclusive; |
| Cr Nige Jones | 4 May to 13 May 2017 inclusive; |
| Cr Sophie Dwyer | 9 July to 13 July 2017 inclusive |

CONFIRMATION OF MINUTES**MINUTES OF THE AUDIT COMMITTEE HELD ON 1 NOVEMBER 2016**

MOVED Cr McLean SECONDED Cr Poliwka that the minutes of the meeting of the Audit Committee held on 1 November 2016 be confirmed as a true and correct record.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs Hamilton-Prime, Dwyer, Logan, McLean, Poliwka and Taylor.

ANNOUNCEMENTS BY THE PRESIDING MEMBER WITHOUT DISCUSSION

Nil.

IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

In accordance with Clause 5.2 of the City's *Meeting Procedures Local Law 2013*, this meeting was not open to the public.

PETITIONS AND DEPUTATIONS

Nil.

REPORTS**ITEM 1 SETTING OF MEETING DATES - AUDIT COMMITTEE**

| | |
|-------------------------------|---|
| WARD | All |
| RESPONSIBLE DIRECTOR | Mr Jamie Parry Governance and Strategy |
| FILE NUMBER | 02153, 50068, 101515 |
| ATTACHMENTS | Nil |
| AUTHORITY / DISCRETION | Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets. |

PURPOSE

For the Audit Committee to consider the proposed schedule of committee meeting dates for 2017.

EXECUTIVE SUMMARY

In order to assist with forward planning for all Elected Members, management and staff, a schedule of meeting dates has been prepared for the Audit Committee, ensuring synergy between meeting dates and the flow of information and decision-making.

It is therefore recommended that the Audit Committee adopts the meeting dates and times for the Audit Committee of the City of Joondalup to be held at the Joondalup Civic Centre, Boas Avenue, Joondalup.

BACKGROUND

The Audit Committee was established at the Special Council meeting held on 3 November 2015 (JSC02-11/15 refers). The role of the Audit Committee is to provide guidance and assistance to Council as to:

- the carrying out of functions in relation to audits under the *Local Government Act 1995*
- the development of a process used to select and appoint a person to be the City's auditor
- matters to be audited and the scope of audits
- the carrying out of functions relating to other audits and other matters related to financial management

- the review, the appropriateness and effectiveness of the City's systems and procedures in relation to:
 - risk management
 - internal control
 - legislative compliance
 - internal and external audit reporting.

The proposed 2017 schedule of Council meeting dates is based on the format used in recent years. That is, a monthly meeting format with Strategy Sessions held on the first Tuesday of each month, Briefing Sessions held on the second Tuesday and Council meetings on the third Tuesday.

This enables committee meetings to be scheduled on the Monday, Tuesday or Wednesday of weeks one, two and three so as to minimise potential conflicts with other Council activities and provide a 'meeting-free' week in the fourth week of each month.

It is preferable to hold committee meetings in the first week of the month, thereby enabling committee recommendations to be listed in the Briefing Session agenda and subsequently the Council meeting agenda, however this may not always be possible due to other scheduled meetings.

DETAILS

The Audit Committee is a committee required to be established in accordance with the *Local Government Act 1995* and associated regulations. It is responsible for matters associated with all aspects of financial auditing, legislative compliance, risk management and reviewing the efficiency of the City's use of resources.

Meetings of this committee are usually associated with statutory reporting requirements, including endorsement of the Annual Compliance Audit Return, appointment of the City's Auditor, and adoption of the Audited Financial Statements and Annual Report.

The Compliance Audit Return is required to be endorsed by Council and submitted to the Department of Local Government and Communities before 31 March annually. Consideration of the City's audit focus often occurs in August, with the audited financial statements usually finalised by early October, enabling review and adoption by the committee and Council in November.

In this regard, it is necessary for the Audit Committee to meet in November 2017 to accept the Annual Financial Report and accept the 2016-17 Annual Report. This will enable sufficient time for statutory advertising of the acceptance of the Annual Report prior to the holding of the Annual General Meeting of Electors to be held in the latter part of 2017.

The proposed meeting day / date / time is as follows:

- Monday 7 August 2017, commencing at 5.45pm.

Dates for committee meetings have not been set beyond 2 October 2017 in view of the fact that the local government elections will be held on 21 October 2017. At that time the Audit Committee will disband and be re-established following the holding of the elections.

Issues and options considered

The Audit Committee can either:

- adopt the meeting dates as proposed in this report or
- amend the meeting dates.

Legislation / Strategic Community Plan / policy implications**Legislation**

*Local Government Act 1995.
Local Government (Administration) Regulations 1996.
City of Joondalup Meeting Procedures Local Law 2013.*

Strategic Community Plan**Key theme**

Governance and Leadership.

Objective

Corporate capacity.

Strategic initiative

Not applicable.

Policy

Not applicable.

Risk management considerations

Should forward planning of committee meetings not be identified, then there is a risk for meetings to be held on an ad-hoc basis; lacking coordination with other key meetings and corporate planning processes.

Financial / budget implications

Not applicable.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

The proposed dates have been based on a bi-monthly meeting cycle, with meetings to be held in the first week of the month, thereby enabling flow-on reporting within Council's monthly meeting cycle. In addition, the proposed meeting dates for the Audit Committee are cognisant of proposed meeting dates for a variety of other committees.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Poliwka SECONDED Cr Logan that the Audit Committee ADOPTS the following meeting date and time for the Audit Committee of the City of Joondalup to be held at the Joondalup Civic Centre, Boas Avenue, Joondalup:

| |
|--|
| Audit Committee to be held in Conference Room 2 |
| Monday 7 August 2017, commencing at 5.45pm. |

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs Hamilton-Prime, Dwyer, Logan, McLean, Poliwka and Taylor.

ITEM 2 2016 COMPLIANCE AUDIT RETURN

| | |
|-------------------------------|---|
| WARD | All |
| RESPONSIBLE DIRECTOR | Mr Garry Hunt Office of the CEO |
| FILE NUMBER | 09492, 32481, 101515 |
| ATTACHMENTS | Attachment 1 2016 Compliance Audit Return |
| AUTHORITY / DISCRETION | Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets. |

PURPOSE

For Council to adopt the City's 2016 Compliance Audit Return (the Return) prior to it being submitted to the Department of Local Government and Communities (DLGC).

EXECUTIVE SUMMARY

The DLGC Compliance Audit Return for the period 1 January to 31 December 2016 has been completed and is required to be adopted by Council before being submitted to the DLGC by 31 March 2017.

It is therefore recommended that Council:

- 1 ADOPTS the completed 2016 Local Government Compliance Audit Return for the period 1 January to 31 December 2016 forming Attachment 1 to this Report;*
- 2 in accordance with Regulation 15 of the Local Government (Audit) Regulations 1996, SUBMITS the completed Compliance Audit Return as detailed in Part 1 above, to the Department of Local Government and Communities.*

BACKGROUND

The 2016 return was made available to local government authorities by the DLGC via its centralised portal called Smart Hub.

The structure of the return is similar to previous years and focuses on areas of compliance considered high risk. However questions relating to elections have been omitted from the return given there were no elections held during 2016.

DETAILS

The return contains the following compliance categories:

- Commercial Enterprises by Local Governments.
- Delegation of Power / Duty.
- Disclosure of Interest.
- Disposal of Property.
- Finance.
- Local Government Employees.
- Official Conduct.
- Tenders for Providing Goods and Services.

The relevant Managers were required to complete the responses to the questions which were approved by their Director before being forwarded to the Internal Auditor for review and input on the return. The return has been completed and is now required to be adopted by Council before being submitted to the DLGC by 31 March 2017.

Legislation / Strategic Community Plan / policy implications

Legislation Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996*.

Strategic Community Plan

Key theme Governance and Leadership.

Objective Corporate capacity.

Strategic initiative Demonstrate accountability through robust reporting that is relevant and easily accessible by the community.

Risk management considerations

The risk associated with Council failing to adopt the return would result in non-compliance with the legislative requirements of the *Local Government (Audit) Regulations 1996*.

Financial / budget implications

Not applicable.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

The responses in the return reveal a high level of compliance with legislation by the City.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Dwyer SECONDED Cr Logan that Council:

- 1 ADOPTS the 2016 Local Government Compliance Audit Return for the period 1 January to 31 December 2016 forming Attachment 1 to this Report;**
- 2 in accordance with Regulation 15 of the *Local Government (Audit) Regulations 1996*, SUBMITS the completed Compliance Audit Return as detailed in Part 1 above to the Department of Local Government and Communities.**

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs Hamilton-Prime, Dwyer, Logan, McLean, Poliwka and Taylor.

Appendix 1 refers

To access this attachment on electronic document, click here: [Attach1agnAUDIT170307.pdf](#)

ITEM 3 EFFICIENCY AND COST SAVING OPPORTUNITIES

| | |
|-------------------------------|--|
| WARD | All |
| RESPONSIBLE DIRECTOR | Mr Garry Hunt Office of the CEO |
| FILE NUMBER | 103906, 101515 |
| ATTACHMENTS | Nil |
| AUTHORITY / DISCRETION | Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting'). |

PURPOSE

For the Audit Committee to note the City's recent efficiency and cost saving opportunities.

EXECUTIVE SUMMARY

Since July 2013 the City has been undertaking more focused reviews of activities in order to identify areas to reduce costs by eliminating and identifying waste and improving efficiency and effectiveness throughout the City's operations.

It is therefore recommended that the Audit Committee NOTES the City's recent efficiency and cost saving opportunities.

BACKGROUND

The Chief Executive Officer initiated an extensive program of review to be undertaken of a number of the City's activities in order to identify opportunities for increasing efficiencies, reducing waste and reducing the costs of the services.

Service reviews, process mapping and continuous improvement is a long established practice at the City, where improvement plans are implemented following reviews of existing service levels. Since 2005 the City has had a policy framework that aligns the City's performance management systems and practices with the principles of the *Business Excellence Framework*. This is a practical methodology for continuous improvement across all management aspects of the organisation, and better practice in the provision of services to the community.

As part of the annual budget process Managers are required to assess assumptions on which estimates and / or proposals are based for customers, volumes, legislative change and significant cost changes. Proposals for any changes (resources, service levels, internal restructuring and processes) are to include the impacts to the 'business as usual' budget estimate.

These annual reviews are aimed at:

- identifying the service drivers (statutory, financial, operational) and reviews what is currently delivered
- considering desirable service levels – what should be delivered (within budgeting realities) while maintaining customer needs and process improvement focus
- reviewing and recommending how the service would be best delivered (delivery model).

The intent of the service review program (and business as usual reviews) is to guide the City in demonstrating effectiveness and efficiency of services provided. The reviews are aimed at identifying opportunities for the following:

- Service and activity improvements.
- Assisting longer-term financial sustainability.
- Ensuring value for money and operational efficiency.
- Service level adjustments.
- Considering alternative modes of service delivery.
- Improved utilisation of available resources.

DETAILS

From mid-2015 a computer software system (named JEM) has been developed in-house as an aid to mobile workforce crews and employees in accessing corporate data held primarily within one of the City's corporate systems. The system has been developed as a web-based application and is well suited for any mobile device with access to a web browser, and was written in such a way to avoid impinging on any intellectual property rights.

The system is modular with a range of business function specific modules such as people enquiry, property enquiry, animal enquiry, asset enquiry, work orders, vehicle tracking and pool inspections. Significant use is made of spatial and map-based data with search and display via a map-based interface. The system also accesses mobile device features when available, including GPS location of the device and the ability to make telephone calls.

Significant preparation for the implementation of the mobility devices to capture asset information in the field has occurred in readiness for commencement from July 2016, to support the City's *Asset Management Strategy 2014-2024*. This strategy guides a whole of organisational approach to asset management with continued focus on development of asset management plans for individual asset classes and the implementation of asset systems to manage the City's assets.

The roll-out of mobility devices to outside workforce crews has significantly improved the utilisation of available resources. In March 2015, a benchmarking exercise was undertaken to determine a baseline of time allocated daily to administration, travel time and work tasks. A further calculation of productivity changes for operation crews was undertaken and the efficiency gains to administer one work order are shown below:

| Resource | March 2015 | February 2017 | Efficiency Gain |
|---|------------|---------------|-----------------|
| Administration | 10 minutes | 3 minutes | 7 minutes |
| Administration Supervisor | 3 minutes | 2 minutes | 1 minute |
| Outside Workforce Crew | 6 minutes | 5 minutes | 1 minute |
| Total Efficiency Gain per Work Order – 9 Minutes | | | |

The number of work orders raised from July 2016 to January 2017 is 19,939 (average of 3,323 per month).

The development and implementation of an integrated asset management system has also been undertaken and is now available to 200 City employees, which has increased operational efficiency and productivity by allowing for the creation of over 220,000 assets and the automation of over 750 work schedules.

Productivity improvements continue to be measured, with the following achieved to date:

- Four hours of productivity improvements per day across building maintenance crews, due to reduced travel requirements and data entry (equivalent of 0.53 FTE).
- The automation of 14,000 timesheets per month has resulted in six hours additional productivity per day (equivalent of 0.85 FTE).
- The productivity gains have enabled more value-adding activities to be performed by existing employees by having more time to spend on the completion of work orders and system support activities to improve reporting outcomes.

The implementation of the mobility devices in the field have been embraced by all employees and the productivity efficiencies gained has improved the capacity to collect data against the City's assets which will improve renewal forecasting and asset management ratios.

The productivity assessment also noted the following key achievements:

- Increased amount of work orders raised providing greater data capture on infrastructure assets.
- Ability to capture resource time and plant against each job undertaken, resulting in cost allocation to each work order.
- Improved service delivery – work orders received immediately on mobile devices resulting in improved responsiveness to works undertaken.
- Ability to attach photographs to work orders – assisting outside workforce crews and employees to identify the area quickly and efficiently.
- No more paper – all work orders are viewed and actioned on a mobile device.
- Mobile devices enable access to information such as work instructions and weather conditions.

The mobile devices are also being utilised by City Rangers, Parking Officers and Swimming Pool Inspectors and the benefits and productivity improvements within these areas will be reported to the Audit Committee once determined.

Legislation / Strategic Community Plan / policy implications

Legislation

Local Government Act 1995.
Local Government (Audit) Regulations 1996.

Strategic Community Plan

Key theme

Governance and Leadership.

Objective Corporate capacity.

Strategic initiative Continuously strive to improve performance and service delivery across all corporate functions.

Risk management considerations

The review of the City's activities will improve the effective and efficient allocation of resources and service levels. Cost efficiency targets are essential to ensure the City's *20 Year Strategic Financial Plan* and *Strategic Community Plan* is achievable.

Financial / budget implications

Not applicable.

Regional significance

Not applicable.

Sustainability implications

The purpose of the City's *Asset Management Strategy 2014-2024* is to achieve transparent decision-making that is based on strategic and sustainable planning principles. To manage infrastructure sustainably, the City must have a clear and detailed understanding of its assets within the context of their projected financial, environmental and social impacts. This will enable effective decisions to be made that optimise the overall net benefit to the community, by providing appropriate levels of assets at acceptable standards.

Consultation

Not applicable.

COMMENT

Not applicable.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Poliwka SECONDED Cr Logan that the Audit Committee NOTES the City's recent efficiency and cost saving opportunities.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs Hamilton-Prime, Dwyer, Logan, McLean, Poliwka and Taylor.

**ITEM 4 HALF YEARLY REPORT - WRITE OFF OF MONIES
(1 JULY - 31 DECEMBER 2016)**

| | |
|-------------------------------|--|
| WARD | All |
| RESPONSIBLE DIRECTOR | Mr Mike Tidy Corporate Services |
| FILE NUMBER | 07032, 101515 |
| ATTACHMENTS | Nil |
| AUTHORITY / DISCRETION | Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting'). |

PURPOSE

For the Audit Committee to note monies written off under delegated authority.

EXECUTIVE SUMMARY

The total amount written off under delegated authority during the six months ended 31 December 2016 is \$4,988.17, comprising 5,893 small amounts of unpaid rates and costs.

It is recommended that the Audit Committee RECEIVES the report of amounts written off under delegated authority for the period 1 July to 31 December 2016.

BACKGROUND

Section 6.12 (1)(c) of the *Local Government Act 1995* gives the Council the power to write off any amount of money owing to the City.

At its meeting held on 6 June 2006 (CJ079-06/06 refers) Council approved to delegate to the CEO the authority to write off monies owed to the City, subject to a report being provided to the Audit Committee on a six monthly basis on the exercise of this delegation for amounts between \$100 and \$20,000.

Under section 5.44 of the *Local Government Act 1995*, the Chief Executive Officer has delegated his authority to nominated employees, up to the limits provided in the instrument of delegation.

DETAILS

During the six months ended 31 December 2016 a total amount of \$4,988.17 was written off as unrecoverable. This amount included the following:

- 5,892 items of small rates balances that are below the reportable limit, totalling \$4,629.37, representing in the main rounding decimals or minor penalty interest charges for a few days late payment where ratepayers did not pay the penalty or the full penalty and the cost of collection was, for all practical purposes, proving to be uneconomical.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Dwyer SECONDED Cr McLean that the Audit Committee RECEIVES the report of monies written off under delegated authority for the period 1 July to 31 December 2016.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs Hamilton-Prime, Dwyer, Logan, McLean, Poliwka and Taylor.

URGENT BUSINESS

Nil.

MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil.

REQUESTS FOR REPORTS FOR FUTURE CONSIDERATION

Nil.

CLOSURE

There being no further business, the Presiding Member declared the meeting closed at 6.16pm; the following Committee Members being present at that time:

Cr Christine Hamilton-Prime
Cr Tom McLean, JP
Cr Russell Poliwka
Cr John Logan
Cr Sophie Dwyer
Cr Philippa Taylor